

CITY OF NESS CITY, KANSAS

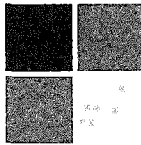
Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2012

CITY OF NESS CITY, KANSAS
Primary Government Financial Statement With Independent Auditors' Report
For the Year Ended December 31, 2012

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Ness City, Kansas
Ness City, Kansas

We have audited the accompanying primary government summary statement of regulatory basis receipts, expenditures, and unencumbered cash of **City of Ness City, Kansas**, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities

The financial statement referred to above includes one related municipal entity, Ness City Public Library, and does not include the financial data for the City's legally separate related municipal entities, Ness City Airport Authority and Ness City Cemetery District. Accounting principles generally accepted in the United

States of America require financial data for all related municipal entities to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its related municipal entities. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash balance of Ness City Airport Authority and Ness City Cemetery District would have been reported as \$86,871 and \$1,798, respectively.

Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" paragraph, the financial statement referred to above does not present fairly the financial position of the aggregate discretely presented related municipal entities of **City of Ness City, Kansas**, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **City of Ness City, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Aggregate Remaining Fund Information

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" and "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statement referred to above does not present fairly, in all material respects, the financial position of the aggregate remaining fund information of **City of Ness City, Kansas** as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of Ness City, Kansas** as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of receipts, expenditures and unencumbered cash (basic financial statement) as a whole. The summary of expenditures – actual and budget and individual fund schedules of receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and

other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

August 19, 2013

CITY OF NESS CITY, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund							
General Fund	\$ 317,638	-	775,330	735,667	357,301	15,755	373,056
Special Purpose Funds							
Special Highway Fund	8,430	-	37,722	34,679	11,473	20,000	31,473
Special Parks and Recreation Fund	7,826	-	2,258	-	10,084	-	10,084
Industrial Development Fund	22,495	-	797	-	23,292	-	23,292
Library Fund	2,355	-	60,884	60,884	2,355	-	2,355
Library Employee Benefit Fund	1,226	-	32,100	32,100	1,226	-	1,226
Capital Improvements Fund	36,668	-	105,000	-	141,668	-	141,668
Equipment Reserve Fund	77,659	-	49,000	25,747	100,912	-	100,912
Guest Tax Fund	21,721	-	15,949	7,916	29,754	-	29,754
Capital Project Funds							
Airport Improvements Fund	135,824	-	231,231	218,303	148,752	68	148,820
Business Funds							
Water Utility Fund	893,370	-	498,850	381,829	1,010,391	371	1,010,762
Sewer Utility Fund	292,005	-	145,894	245,649	192,250	73	192,323
Solid Waste Disposal Fund	63,263	-	109,465	97,530	75,198	-	75,198
Subtotal Primary Government	1,880,480	-	2,064,480	1,840,304	2,104,656	36,267	2,140,923
Related Municipal Entity							
Ness City Public Library	61,518	-	115,177	114,440	62,255	-	62,255
Total Primary Government	<u>\$ 1,941,998</u>	<u>-</u>	<u>2,179,657</u>	<u>1,954,744</u>	<u>2,166,911</u>	<u>36,267</u>	<u>2,203,178</u>
Composition of Cash							
					Checking Accounts	\$	1,222,448
					Savings Accounts		779
					Certificates of Deposit		917,696
					Subtotal Primary Government		2,140,923
					Related Municipal Entity		62,255
					Total Primary Government	\$	2,203,178

The notes to the financial statement are an integral part of this statement.

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Ness City, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Financial Reporting Entity

The City is a municipal corporation governed by an elected five-member council. This financial statement presents the City (the municipality) and its related municipal entity, Ness City Public Library, shown below. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entities, Ness City Airport Authority and Ness City Cemetery District, shown below.

Ness City Public Library

The City's Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

Ness City Airport Authority

The City's Airport Authority oversees airport activities. The airport authority operates as a separate governing body. Bond issuances must be approved by the City. Unaudited financial statements can be obtained by contacting the airport authority's office.

Ness City Cemetery District

The City's Cemetery District oversees cemetery activities. The cemetery district operates as a separate governing body. Unaudited financial statements can be obtained by contacting the cemetery district's office.

The City is the primary government as defined in GASB #61. The City council is elected by the public. The council has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2012.

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Fund – fund financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc.).

Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts.

Reimbursements

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 – BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There was one budget amendment for this year for the Solid Waste Disposal Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds and the following special purpose funds: Capital Improvements Fund and Equipment Reserve Fund.

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Ness City, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$2,140,923 and the bank balance was \$2,261,860. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,011,860 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2012, the Public Library's carrying amount of deposits was \$62,255 and the bank balance was \$63,482. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2012.

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Ness City, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2012 were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General Fund	Equipment Reserve Fund	K.S.A. 12-1,117	\$ 49,000
General Fund	Capital Improvements Fund	K.S.A. 12-1,118	105,000
Water Utility Fund	General Fund	K.S.A. 12-825d	50,000

NOTE 5 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable To Date</u>
Airport Improvements	\$ 2,735,481	\$ 557,140

NOTE 6 – LITIGATION

City of Ness City, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

NOTE 7 – RISK MANAGEMENT

City of Ness City, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, crime, workers compensation, and linebacker. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

City of Ness City, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures exceeded the adopted budget in the Sewer Utility Fund by \$33,649, which is in violation of K.S.A. 79-2935.

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of Ness City, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Ness City, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

NOTE 12 – COMPENSATED ABSENCES

Vacation

City of Ness City, Kansas' policy regarding vacation permits employees with up to 10 years of service 2 weeks of vacation per year and those employees with more than 10 years of service 3 weeks of vacation per year. Vacation is non-cumulative and lapses upon termination of employment. The Public Library follows the same policy as the City.

Sick Leave

Employees are permitted one day of sick leave per month. Sick leave is cumulative up to 90 total days. It lapses upon termination of employment. The Public Library follows the same policy as the City. The potential liability for sick leave at December 31, 2012 was \$15,663. This is not reflected in the financial statement.

Comp Time

Comp time is earned by employees for hours worked in addition to 40 hours per work week. Employees who have accrued comp time will be allowed to use any or all of the time within a reasonable period after

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

requesting the time off. The Public Library follows the same policy as the City. The liability for comp time at December 31, 2012 was \$4,734. This is not reflected in the financial statement.

NOTE 13 – LONG-TERM DEBT

City of Ness City, Kansas has the following types of long-term debt.

KDHE Revolving Loan

The City entered into a \$1,150,000 revolving loan agreement on November 18, 2004 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance Public Water Supply System Project #2416. The City will use proceeds generated by the operation of the facility for loan repayment, which began February 1, 2007.

Lease Obligations

The City has entered into a lease agreement for an Elgin Pelican NP Street Sweeper with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

CITY OF NESS CITY, KANSAS
Notes to Financial Statement
December 31, 2012

Changes in long-term liabilities for the City for the year ended December 31, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Revolving Loan	3.31%	11/18/2004	\$ 1,150,000	2/1/2026	\$ 872,335	-	(44,567)	827,768	31,523
Capital Lease									
Elgin Pelican NP Street Sweeper	3.81%	2/29/2008	115,925	2/29/2013	48,694	-	(23,892)	24,802	1,855
Total Contractual Indebtedness					<u>\$ 921,029</u>	<u>-</u>	<u>(68,459)</u>	<u>852,570</u>	<u>33,378</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR							
	2013	2014	2015	2016	2017	2018-2022	2023-2026	Total
Principal								
Revolving Loan	\$ 46,213	47,920	49,690	51,525	53,428	298,240	280,752	827,768
Capital Lease	24,802	-	-	-	-	-	-	24,802
Total Principal	<u>71,015</u>	<u>47,920</u>	<u>49,690</u>	<u>51,525</u>	<u>53,428</u>	<u>298,240</u>	<u>280,752</u>	<u>852,570</u>
Interest								
Revolving Loan	29,877	28,170	26,400	24,565	22,662	82,211	23,609	237,494
Capital Lease	945	-	-	-	-	-	-	945
Total Interest	<u>30,822</u>	<u>28,170</u>	<u>26,400</u>	<u>24,565</u>	<u>22,662</u>	<u>82,211</u>	<u>23,609</u>	<u>238,439</u>
Total Principal and Interest	<u>\$ 101,837</u>	<u>76,090</u>	<u>76,090</u>	<u>76,090</u>	<u>76,090</u>	<u>380,451</u>	<u>304,361</u>	<u>1,091,009</u>

CITY OF NESS CITY, KANSAS

Regulatory-Required Supplementary Information

CITY OF NESS CITY, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund					
General Fund	\$ 772,750	-	772,750	735,667	(37,083)
Special Purpose Funds					
Special Highway Fund	39,798	-	39,798	34,679	(5,119)
Special Parks and Recreation Fund	7,613	-	7,613	-	(7,613)
Industrial Development Fund	20,500	-	20,500	-	(20,500)
Library Fund	61,598	-	61,598	60,884	(714)
Library Employee Benefit Fund	32,446	-	32,446	32,100	(346)
Guest Tax Fund	24,110	-	24,110	7,916	(16,194)
Business Funds					
Water Utility Fund	540,690	-	540,690	381,829	(158,861)
Sewer Utility Fund	212,000	-	212,000	245,649	33,649
Solid Waste Disposal Fund	111,000	-	111,000	97,530	(13,470)

CITY OF NESS CITY, KANSAS

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem	\$ 199,600	234,282	226,788	7,494
Delinquent	3,983	1,970	-	1,970
Motor Vehicle	46,074	63,528	60,987	2,541
Intangible	23,224	19,105	18,724	381
Total Taxes	<u>272,881</u>	<u>318,885</u>	<u>306,499</u>	<u>12,386</u>
Intergovernmental				
Local City Sales Tax	233,480	255,381	172,500	82,881
Local Alcoholic Liquor Tax	3,100	2,258	1,394	864
Connecting Links	5,124	5,128	5,100	28
Total Intergovernmental	<u>241,704</u>	<u>262,767</u>	<u>178,994</u>	<u>83,773</u>
Licenses and Permits				
Franchise Fees	110,219	90,671	90,000	671
Licenses and Permits	9,415	8,189	2,000	6,189
Total Licenses and Permits	<u>119,634</u>	<u>98,860</u>	<u>92,000</u>	<u>6,860</u>
Fines and Forfeitures				
Fines	16,733	22,154	7,000	15,154
Use of Money and Property				
Interest	6,996	5,323	7,000	(1,677)
Miscellaneous				
Swimming Pool	4,303	4,065	4,000	65
Recycling Revenue	11,091	8,247	2,500	5,747
Sale of Equipment	4,883	-	-	-
Other	341	5,029	-	5,029
Transfers In	-	50,000	50,000	-
Total Miscellaneous	<u>20,618</u>	<u>67,341</u>	<u>56,500</u>	<u>10,841</u>
Total Cash Receipts	<u>\$ 678,566</u>	<u>775,330</u>	<u>647,993</u>	<u>127,337</u>

CITY OF NESS CITY, KANSAS

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
General and Administrative				
Personal Services	\$ 61,649	65,532	52,000	13,532
Contractual Services	27,422	39,368	37,500	1,868
Commodities	7,322	6,971	15,000	(8,029)
Capital Outlay	-	-	5,000	(5,000)
Christmas Light Funding	-	-	500	(500)
Total General and Administrative	96,393	111,871	110,000	1,871
Police Department				
Contractual Services	145,986	145,964	145,000	964
Street Department				
Personal Services	30,723	44,272	40,000	4,272
Contractual Services	7,315	13,248	13,000	248
Commodities	63,609	112,646	65,000	47,646
Capital Outlay	11,442	8,175	47,500	(39,325)
Total Street Department	113,089	178,341	165,500	12,841
Employee Benefits				
Contractual Services	-	-	2,000	(2,000)
Health Insurance	30,828	25,820	50,000	(24,180)
Social Security	12,290	10,816	11,000	(184)
Workman's Compensation	3,480	3,841	7,000	(3,159)
KPERs	7,975	8,252	6,000	2,252
Unemployment	281	298	250	48
Total Employee Benefits	54,854	49,027	76,250	(27,223)
Street Lighting				
Contractual Services	23,042	22,434	33,000	(10,566)
Swimming Pool				
Personal Services	23,968	16,550	21,000	(4,450)
Contractual Services	3,643	4,170	5,000	(830)
Commodities	10,128	11,006	8,000	3,006
Total Swimming Pool	37,739	31,726	34,000	(2,274)
Noxious Weeds				
Contractual Services	-	-	500	(500)
Commodities	-	-	4,000	(4,000)
Total Noxious Weeds	\$ -	-	4,500	(4,500)

CITY OF NESS CITY, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Park Improvement				
Personal Services	\$ 9,396	6,287	6,000	287
Contractual Services	1,769	1,779	2,000	(221)
Commodities	1,436	5,937	7,500	(1,563)
Capital Outlay	-	-	2,000	(2,000)
Total Park Improvement	<u>12,601</u>	<u>14,003</u>	<u>17,500</u>	<u>(3,497)</u>
Recycling				
Personal Services	14,292	8,048	11,000	(2,952)
Contractual Services	3,151	3,332	5,000	(1,668)
Commodities	713	1,262	3,000	(1,738)
Capital Outlay	-	-	1,000	(1,000)
Total Recycling	<u>18,156</u>	<u>12,642</u>	<u>20,000</u>	<u>(7,358)</u>
Community Building				
Contractual Services	-	7,724	10,000	(2,276)
Commodities	-	4,935	-	4,935
Total Community Building	<u>-</u>	<u>12,659</u>	<u>10,000</u>	<u>2,659</u>
Appropriations				
Airport	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Transfers Out	<u>115,500</u>	<u>154,000</u>	<u>154,000</u>	<u>-</u>
Total Expenditures	<u>620,360</u>	<u>735,667</u>	<u>772,750</u>	<u>(37,083)</u>
Cash Receipts Over (Under) Expenditures	58,206	39,663		
Unencumbered Cash - Beginning	<u>259,432</u>	<u>317,638</u>		
Unencumbered Cash - Ending	<u>\$ 317,638</u>	<u>357,301</u>		

CITY OF NESS CITY, KANSAS
Special Highway Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
State Gasoline Tax	\$ 34,688	37,722	34,530	3,192
Expenditures				
Personal Services	34,310	14,679	10,000	4,679
Contractual Services	-	-	5,000	(5,000)
Commodities	1,950	20,000	24,798	(4,798)
Total Expenditures	36,260	34,679	39,798	(5,119)
Cash Receipts Over (Under) Expenditures	(1,572)	3,043		
Unencumbered Cash - Beginning	10,002	8,430		
Unencumbered Cash - Ending	\$ 8,430	11,473		

CITY OF NESS CITY, KANSAS
Special Parks and Recreation Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Local Alcoholic Liquor Tax	\$ 3,100	2,258	1,394	864
Expenditures				
Culture and Recreation	-	-	7,613	(7,613)
Cash Receipts Over (Under) Expenditures	3,100	2,258		
Unencumbered Cash - Beginning	4,726	7,826		
Unencumbered Cash - Ending	\$ 7,826	10,084		

CITY OF NESS CITY, KANSAS
Industrial Development Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem	\$ 555	445	460	(15)
Delinquent	92	16	-	16
Motor Vehicle	3,216	336	172	164
Total Cash Receipts	3,863	797	632	165
Expenditures				
Industrial Development	4,970	-	20,500	(20,500)
Cash Receipts Over (Under) Expenditures	(1,107)	797		
Unencumbered Cash - Beginning	23,602	22,495		
Unencumbered Cash - Ending	\$ 22,495	23,292		

CITY OF NESS CITY, KANSAS
Library Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem	\$ 44,819	45,960	47,431	(1,471)
Delinquent	925	428	-	428
Motor Vehicle	14,845	14,496	13,694	802
Total Cash Receipts	60,589	60,884	61,125	(241)
Expenditures				
Appropriations	58,707	60,884	61,598	(714)
Cash Receipts Over (Under) Expenditures	1,882	-		
Unencumbered Cash - Beginning	473	2,355		
Unencumbered Cash - Ending	\$ 2,355	2,355		

CITY OF NESS CITY, KANSAS
Library Employee Benefit Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem	\$ 22,704	24,542	25,330	(788)
Delinquent	523	227	-	227
Motor Vehicle	7,316	7,331	6,936	395
Total Cash Receipts	<u>30,543</u>	<u>32,100</u>	<u>32,266</u>	<u>(166)</u>
Expenditures				
Social Security	3,642	3,297	3,643	(346)
Unemployment Taxes	150	150	150	-
Health and Workman's Comp Insurance	23,004	25,248	25,248	-
KPERs	2,701	3,405	3,405	-
Total Expenditures	<u>29,497</u>	<u>32,100</u>	<u>32,446</u>	<u>(346)</u>
Cash Receipts Over (Under) Expenditures	1,046	-		
Unencumbered Cash - Beginning	<u>180</u>	<u>1,226</u>		
Unencumbered Cash - Ending	<u>\$ 1,226</u>	<u>1,226</u>		

CITY OF NESS CITY, KANSAS
Capital Improvements Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 80,000	105,000
Expenditures		
Commodities	68,137	-
Capital Outlay	10,556	-
Transfers Out	4,131	-
Total Expenditures	82,824	-
Cash Receipts Over (Under) Expenditures	(2,824)	105,000
Unencumbered Cash - Beginning	39,492	36,668
Unencumbered Cash - Ending	\$ 36,668	141,668

CITY OF NESS CITY, KANSAS
Equipment Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 35,500	49,000
Expenditures		
Capital Outlay	37,368	25,747
Cash Receipts Over (Under) Expenditures	(1,868)	23,253
Unencumbered Cash - Beginning	79,527	77,659
Unencumbered Cash - Ending	\$ 77,659	100,912

CITY OF NESS CITY, KANSAS
Guest Tax Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Guest Tax	\$ 13,111	15,949	10,000	5,949
Expenditures				
Convention and Tourism	7,500	7,916	24,110	(16,194)
Cash Receipts Over (Under) Expenditures	5,611	8,033		
Unencumbered Cash - Beginning	16,110	21,721		
Unencumbered Cash - Ending	\$ 21,721	29,754		

CITY OF NESS CITY, KANSAS
Airport Improvements Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Appropriations	\$ 33,333	-
Federal Aid	-	231,231
	<u>33,333</u>	<u>231,231</u>
Total Cash Receipts	<u>33,333</u>	<u>231,231</u>
Expenditures		
Contractual Services	42,545	83,054
Capital Outlay	30,892	135,249
	<u>73,437</u>	<u>218,303</u>
Total Expenditures	<u>73,437</u>	<u>218,303</u>
Cash Receipts Over (Under) Expenditures	(40,104)	12,928
Unencumbered Cash - Beginning	<u>175,928</u>	<u>135,824</u>
Unencumbered Cash - Ending	<u>\$ 135,824</u>	<u>148,752</u>

CITY OF NESS CITY, KANSAS
Chestnut Bridge Project Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Federal Aid	\$ 5,607	-
Transfers In	4,131	-
Total Cash Receipts	9,738	-
Expenditures		
Capital Outlay	14,128	-
Cash Receipts Over (Under) Expenditures	(4,390)	-
Unencumbered Cash - Beginning	4,390	-
Unencumbered Cash - Ending	\$ -	-

CITY OF NESS CITY, KANSAS
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Water Sales	\$ 429,650	484,662	390,000	94,662
Interest	13,742	11,439	12,000	(561)
Late Charges	2,488	2,749	2,000	749
Total Cash Receipts	<u>445,880</u>	<u>498,850</u>	<u>404,000</u>	<u>94,850</u>
Expenditures				
Production				
Personal Services	33,799	78,814	110,000	(31,186)
Contractual Services	48,343	55,250	74,000	(18,750)
Commodities	63,071	63,489	63,000	489
Capital Outlay	-	21,376	77,000	(55,624)
Total Production	<u>145,213</u>	<u>218,929</u>	<u>324,000</u>	<u>(105,071)</u>
Transmission and Distribution				
Contractual Services	35,644	-	-	-
Commodities	49,032	-	-	-
Capital Outlay	9,942	-	-	-
Total Transmission and Distribution	<u>94,618</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commercial and General				
Personal Services	22,421	-	-	-
Contractual Services	19,212	-	-	-
Commodities	1,379	-	-	-
Total Commercial and General	<u>43,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
Employee Benefits				
Health Insurance	12,600	13,393	27,600	(14,207)
Social Security	4,183	5,806	6,500	(694)
Workman's Compensation	1,579	1,414	1,500	(86)
KPERS	4,054	6,041	5,000	1,041
Total Employee Benefits	<u>\$ 22,416</u>	<u>26,654</u>	<u>40,600</u>	<u>(13,946)</u>

CITY OF NESS CITY, KANSAS

Water Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Non-Operating Expenses				
Sales Tax	\$ 4,908	5,293	5,000	293
Debt Service	76,090	76,090	76,090	-
Miscellaneous	4,565	4,863	45,000	(40,137)
Transfers Out	-	50,000	50,000	-
Total Non-Operating Expenses	<u>85,563</u>	<u>136,246</u>	<u>176,090</u>	<u>(39,844)</u>
Total Expenditures	<u>390,822</u>	<u>381,829</u>	<u>540,690</u>	<u>(158,861)</u>
Cash Receipts Over (Under) Expenditures	55,058	117,021		
Unencumbered Cash - Beginning	<u>838,312</u>	<u>893,370</u>		
Unencumbered Cash - Ending	<u>\$ 893,370</u>	<u>1,010,391</u>		

CITY OF NESS CITY, KANSAS
Sewer Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Sewer Service Charges	\$ 101,482	101,874	100,000	1,874
Interest	2,674	2,232	2,000	232
Commercial Utility	41,924	40,233	40,000	233
Other	-	1,555	-	1,555
Total Cash Receipts	146,080	145,894	142,000	3,894
Expenditures				
Collection Maintenance				
Personal Services	31,424	44,129	35,000	9,129
Contractual Services	18,327	93,546	25,000	68,546
Commodities	17,565	23,365	27,000	(3,635)
Capital Outlay	-	15,246	115,000	(99,754)
Employee Benefits	13,289	20,963	10,000	10,963
Total Collection Maintenance	80,605	197,249	212,000	(14,751)
Treatment				
Contractual Services	1,110	-	-	-
Commodities	14,719	-	-	-
Total Treatment	15,829	-	-	-
General and Administrative				
Contractual Services	6,211	-	-	-
Commodities	161	-	-	-
Capital Outlay	-	48,400	-	48,400
Total General and Administrative	6,372	48,400	-	48,400
Total Expenditures	102,806	245,649	212,000	33,649
Cash Receipts Over (Under) Expenditures	43,274	(99,755)		
Unencumbered Cash - Beginning	248,731	292,005		
Unencumbered Cash - Ending	\$ 292,005	192,250		

CITY OF NESS CITY, KANSAS
Solid Waste Disposal Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
User Fees	\$ 94,524	109,465	109,000	465
Expenditures				
Contractual Services	89,634	97,530	108,000	(10,470)
Commodities	400	-	2,000	(2,000)
Capital Outlay	-	-	1,000	(1,000)
Total Expenditures	90,034	97,530	111,000	(13,470)
Cash Receipts Over (Under) Expenditures	4,490	11,935		
Unencumbered Cash - Beginning	58,773	63,263		
Unencumbered Cash - Ending	\$ 63,263	75,198		

CITY OF NESS CITY, KANSAS
Ness City Public Library
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental	\$ 11,000	10,842
Interest	270	146
Collections	9,245	11,206
Appropriations	88,204	92,983
Total Cash Receipts	<u>108,719</u>	<u>115,177</u>
Expenditures		
Personal Services	80,337	83,489
Contractual Services	19,078	16,565
Commodities	12,769	14,386
Total Expenditures	<u>112,184</u>	<u>114,440</u>
Cash Receipts Over (Under) Expenditures	(3,465)	737
Unencumbered Cash - Beginning	<u>64,983</u>	<u>61,518</u>
Unencumbered Cash - Ending	<u>\$ 61,518</u>	<u>62,255</u>